From: Gary Moore
To: Stephen Halasz

Cc: Rafael Casanova; rbergner@flash.net; Gloria-Small Moran

Subject: Falcon Refinery: Call from Railroad Commission

Date: 07/14/2008 04:04 PM

Hello All:

I just got a call from the TX Railroad Commission concerning the Falcon Refinery. They were confused about the arragement with Superior Crude as it is not normal to have an operating entity on a Superfund Site. This is how I explained it to them.

I told them that NORCO was the owner of the entire facility for which much of it is being assessed and cleaned up under Superfund. I also told him that NORCO had a preexisting lease agreement with Superior Crude which included some tanks and certain piping to transfer oil from the leased tanks and to the dock where Superior loads their oil for transport.

I told him that in my position, I believed that Superior's operations and equipment is regulated by them. I also told him that EPA has jurisdictional authority as well on the OII Pollution Act side (SPCC and FRP requirements) as well as spill response should the spill enter or threaten to enter into navigable waters of the United States. I don't know what TCEQ's authority would be relative to Superior Crude's operations.

I told him that USCG and GLO had jurisdiction related to the overwater transfer operations and spill response.

I told hime that EPA and TCEQ have authority over the Superfund activities associated with the site. This includes all assessment and cleanup activities on the abandoned portions of the site.

I also informed him that since NORCO was the owner of the facility and Superior was a lessee of certain equipment on the facility that they operate that both NORCO and Superior Crude have responsibility for Superior's operational activities. If Superior fails to respond or responds inadequately to a spill, it is my opinion that the Government would look at both Superior and NORCO as having liability for the spill. It is in the best interest of NORCO to insure that Superior is operating properly and adequately cleaning up spills that they may have as it relates to the liability issue just mentioned and the fact that these spills could impact the cleanup for which NORCO is currently in the process of addressing.

Please email me your thoughts on this.

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